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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

SIG-IEP Meeting on 16 September

FROM:	EXTENSION	NO.
Maurice C. Ernst NIO for Economics		NIC #6751-83 DATE 19 September 1983

25X1

TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. DCI	19 Sept	27 SEP 1983		
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4. NIO/ECON	27 SEP 1983			
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The Director of Central Intelligence
Washington, D.C. 20505

NIC #6751-83
19 September 1983

National Intelligence Council

MEMORANDUM FOR THE RECORD

SUBJECT: **SIG-IEP Meeting on 16 September**

1. The SIG-IEP met on 16 September for the first time in about two months. The main topic was an update by Treasury on the international debt problem. A proposal for establishing an Interamerican Investment Corporation also was discussed. [redacted] (OGI) and I represented CIA. 25X1

2. Secretary Regan was relatively optimistic on Brazil. Brazilian acceptance of the IMF conditions appears to clear the way for formal approval of a revised agreement by the IMF Board in October. In turn, IMF approval should make it possible to begin putting together the pieces of a $11 billion package covering Brazilian financial requirements through the remainder of 1983 and in 1984. Of this total, $2 to 2-1/2 billion would be US Government export credits.

3. Argentina is having serious liquidity problems because of unresolved differences over treatment of private debt. There is also a widespread expectation that domestic IMF targets will not be met as elections approach. All major Argentine political parties apparently have agreed not to make the IMF program an issue in the campaign, but will put the issue on the front burner immediately after the elections. Everyone expects a major renegotiation of the agreement.

4. The prospects for Congressional passage of the IMF bill are poor, having been greatly complicated by public attacks on House Democrats who had supported the Administration in voting down an amendment which would have barred IMF loans to countries under Communist dictatorships. There is apparently no chance the bill will pass the House unless these Democrats support it, and they are asking for a helpful statement from the President. If Congress does not pass the IMF bill and if other countries do agree to increase IMF quotas, the US will lose its veto on important issues in the IMF. If, as is more likely, US refusal stimulates similar action by other countries, it will become exceedingly difficult to deal with the many likely requests for new funds by LDC debtors. In particular, without the assurance of IMF leadership, the major banks are unlikely to provide much new funding.

Maurice C. Ernst

(Another SIG-IEP is scheduled for Friday, 23 Sep.) Dick

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SUBJECT: SIG-IEP Meeting on 16 September

DCI/NIC/NIO/Econ:M.Ernst:bha(19 Sept 83) [redacted] 25X1

Dist:
Orig - DCI
1 - DDCI
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